

FSA Debit Card Use for Drug Stores and Pharmacies
IRS Notice 2008-104
Dec. 4, 2008

IRS Notice 2007-2 imposed restrictions on the use of health FSA debit cards at stores with the drug stores and pharmacy merchant category code (MCC).

Under these restrictions, debit cards cannot be used at such stores unless the store uses an inventory information approval system (IIAS) that meets IRS requirements.

The IRS has recently issued Notice 2008-104. This notice **extends the effective date of the restrictions by an additional six months, so that, after June 30, 2009**, health FSA debit cards may not be used at drug stores or pharmacies unless they meet the IRS IIAS requirement.

Attempts to use your card after June 30, 2009 at retail pharmacies and drug stores that have not implemented this system, will result in a transaction denial at the point of sale.

For a copy: www.irs.gov/pub/irs-drop/n-08-104.pdf